



United States  
General Accounting Office  
Washington, D.C. 20548

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Accounting and Information  
Management Division

B-276701

May 23, 1997

The Honorable Charles H. Taylor  
Chairman, Subcommittee on the  
District of Columbia  
Committee on Appropriations  
House of Representatives

Subject: Analysis of the District of Columbia Authority's Financial Statements  
for Fiscal Years 1995 and 1996

Dear Mr. Chairman:

Your office requested that we review the fiscal years 1995 and 1996 audited financial statements of the District of Columbia Financial Responsibility and Management Assistance Authority (Authority) for completeness and adherence to generally accepted accounting principles. We reviewed the financial statements and found that the Authority's audited financial statements for fiscal years 1995 and 1996 were prepared in accordance with generally accepted accounting standards used by state and local governmental entities (Governmental Accounting Standards). However, we identified several opportunities for improving the Authority's future financial statements that we are reporting separately to the Authority. (A copy of our letter to the Authority is enclosed.)

To perform our analysis, we reviewed the Authority's fiscal years 1995 and 1996 financial statements and relevant authoritative accounting and financial reporting standards for state and local governments. We also assessed whether those statements were prepared in accordance with the applicable standards. We reviewed the 1996 annual report of the Pennsylvania Intergovernmental Cooperation Authority, an entity whose mission is similar to that of the District's Authority. In addition, we spoke with a partner at the firm of Thompson, Cobb, Bazilio & Associates, P. C., the Authority's auditor of record

for the fiscal years 1995 and 1996 financial statements, to obtain information and clarification on the scope of the audit and the general purpose<sup>1</sup> financial statements. We conducted our work in March 1997 in accordance with generally accepted government auditing standards.

We are sending copies of this letter to the Ranking Minority Member of your Subcommittee and the Chairmen and Ranking Minority Members of the Subcommittee on the District of Columbia, Senate Committee on Appropriations; Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia, Senate Committee on Governmental Affairs; and Subcommittee on the District of Columbia, House Committee on Government Reform and Oversight. We are also sending a copy to the District of Columbia Financial Responsibility and Management Assistance Authority.

If you need further information, please contact me at (202) 512-9510 or Gary Engel, Acting Associate Director, at (202) 512-8815.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gregory M. Holloway". The signature is fluid and cursive, with a large initial "G" and "M".

Gregory M. Holloway  
Director, Governmentwide Audits

Enclosure

(901756)

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<sup>1</sup>The Authority's general purpose financial statements included a (1) Combined Balance Sheet, (2) Combined Statement of Revenues, Expenditures and Changes in Fund Balance, and (3) Combined Statement of Changes in Assets and Liabilities - All Agency Funds.